

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7121

BILL NUMBER: HB 1379

NOTE PREPARED: Jan 6, 2004

BILL AMENDED:

SUBJECT: Judges' Retirement Benefit.

FIRST AUTHOR: Rep. Noe

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides a supplemental retirement benefit for a judge who continues to serve as a judge after qualifying for an unreduced retirement benefit.

Effective Date: July 1, 2004.

Explanation of State Expenditures: The following table illustrates the increase in recommended annual contributions by the state (based on a projection of benefit payouts) over the next five years. Employer contributions are from the state General Fund. The payouts will continue beyond five years.

<u>Plan Year</u>	<u>Increase in Recommended Annual Contributions</u>
2004-2005	\$59,567
2005-2006	\$63,141
2006-2007	\$68,929
2007-2008	\$70,945
2008-2009	<u>\$75,202</u>
TOTAL	\$335,784

The increase in unfunded accrued liabilities is estimated at \$4.5 M.

Expenditures to PERF: The Assistant Director of PERF has estimated that PERF will need an additional employee, with an annual cost (salary plus benefits) estimated at \$40,000. In addition, he has estimated 160 hours (four weeks) of system programming at a cost of \$92.61/ hour, or \$14,817, to implement these provisions.

P.L. 119-2000 provides that both PERF and TRF are independent bodies corporate and politic. As a result, the funds pay their own administrative expenses and are not subject to review by the State Department of Personnel or the State Budget Agency. Both PERF and TRF operate from revenues generated from their investment income. The Boards of Trustees of PERF and TRF determine staffing levels and expenditure levels.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund as administrators of the Judges' Retirement System.

Local Agencies Affected:

Information Sources: Doug Todd of McCready & Keane, Inc., actuaries for PERF and the Judges' Retirement System, 576-1508; Bruce Kimery, Assistant Director of the Public Employees' Retirement Fund, 234-2229.

Fiscal Analyst: James Sperlik, 317-232-9866.

DEFINITIONS:

Unfunded Actuarial Liability (sometimes called the unfunded liability) of a retirement system at any time is the excess of its actuarial liability as that time over the value of its cash and investments).